

## Outstanding Recommendations

# Assessment of Implementation Report

## Alberta Environment and Protected Areas

### *Reporting on the Oil Sands Monitoring Program*

(November 2018)

#### Summary of Recommendations

We completed an assessment of implementation of our November 2018 audit of *Systems to Manage and Report on the Oil Sands Monitoring Program Follow-up*. We are repeating our recommendation.

**REPEATED** Recommendation:  
Improve annual reporting processes

#### Introduction

##### Summary

In 2018, we found that the department lacked processes to develop a timely, accurate, clear, and accessible annual report for the Oil Sands Monitoring Program (the program).

The 2017 annual report we examined at that time lacked important information about the program and underlying projects, contained inaccuracies, was difficult to find, and was released late. As a result, we recommended that the department, working with Environment and Climate Change Canada, improve its processes to ensure the program's annual reports are complete, accurate, clear, and timely.

Annual reporting is intended to provide important information on the status and results of environmental monitoring in the oil sands, including underlying activities, spending, and achievement of outcomes, thus sound processes must exist to get the reporting done properly.

We based our followup work on the department's 2019 implementation plan which outlines the steps and deliverables related to implementing our recommendation.

Based on the results of our assessment, we found that the department's processes to report on the program are still ineffective. Despite the timely release and improvements made to the 2019 report, we again found inaccuracies and important information missing. But

more problematically, the department has not released an annual report for the program since 2019—over three years ago. As a result, we are repeating our recommendation to the department to improve its processes to prepare accurate and timely annual reports for the program. We did observe that the department began taking action to respond to our findings as we were concluding our work.

## Context

### History of the Oil Sands Monitoring Program

Beginning in February 2012, the governments of Alberta and Canada have worked as partners to jointly manage the Oil Sands Monitoring Program. The program strives to enhance understanding of the cumulative effects and environmental changes related to oil sands development and to guide responsible development of the resource.

The program's funding mechanism, still in place today, was established through the *Alberta Oil Sands Environmental Monitoring Program Regulation* that enables collection of a fee from oil sands operators of up to \$50 million annually.<sup>1</sup>

### Program objectives and reporting

The program involves monitoring of air, water, land and biodiversity in the oil sands region of Alberta, and evaluation and reporting on the effects of oil sands development on the environment. The program's objectives include producing scientifically credible data and reporting that can be used to inform provincial and federal governments about major impacts to human or ecosystem health. This knowledge helps decision-makers guide responsible oil sands development.

Another objective of the program is ensuring stakeholders and the public have open and transparent access to information about the program and its activities.<sup>2</sup> Information on progress toward meeting the program objectives, monitoring activities, spending, and results for the year, is communicated, in part, to the public through the annual report and is in the scope of our assessment of implementation. Other public reporting mechanisms, which the annual report partially draws from, include scientific publications describing findings and data from monitoring projects, and synthesis and technical reports based on multi-year monitoring of water, air, land and biodiversity to identify environmental changes over time.<sup>3</sup>

There is no legal requirement to produce an annual report; however, the department has set a target to prepare and release such a report within six months of the fiscal year end.

### History of our work in this area

Our 2014 audit focused on whether the program's 2013 annual report was complete and accurate.<sup>4</sup> We concluded that the annual reporting and the department's project management processes needed to improve. As a result, we made two recommendations in our October 2014 report.<sup>5</sup>

<sup>1</sup> The funding is collected based on a formula developed collaboratively by the Canadian Association of Petroleum Producers and the Alberta government to allocate monitoring costs to oil sands operators.

<sup>2</sup> *Oil Sands Monitoring Program, Annual Report for 2018-2019*, page 18.

<sup>3</sup> This information is publicly available via the [OSM Program Data Catalogue](#) and the [Alberta Air Data Warehouse](#) as well from program delivery partners such as [Environment and Climate Change Canada \(ECCC\)](#), [Wood Buffalo Environmental Association](#) and the [Alberta Biodiversity Monitoring Institute](#).

<sup>4</sup> The annual reports are prepared on a fiscal year basis. For example, the 2013 annual report is for the period April 1, 2012 to March 31, 2013.

<sup>5</sup> *Report of the Auditor General of Alberta—October 2014*, pages 23–32.

In our 2018 followup, we concluded that the department implemented our project management recommendation. However, we found the 2017 annual report (the most recent at that time) still needed improvement. Information in the report related to the program's progress toward objectives and funding was incomplete. The status of projects was unclear and the report was neither timely nor accessible. Therefore, we made a recommendation to improve the annual reporting processes.<sup>6</sup>

## Recommendation: Improve annual reporting processes **REPEATED**

### Our current findings

#### Key findings

- Annual reporting processes ineffective.
- No annual reports released for over three years.
- Improvements in the 2019 report but the 2019 and draft 2020 reports still lack key information and contain inaccuracies.

#### Annual reporting processes ineffective

In 2018, the program's new governance structure was implemented. The decision-making authority for the program now rests with the program co-chairs<sup>7</sup> who also serve as chairs of the Oversight Committee (the committee) and are accountable to the respective ministers.<sup>8</sup> The committee provides recommendations to the co-chairs and its responsibilities include reviewing and approving the annual report and ensuring annual reporting is accurate and timely.<sup>9</sup>

Through our review of the committee's 2019 and 2020 meeting minutes, we saw evidence of discussions about the annual report contents, timelines, and users' needs. However, the process has not resulted in annual reports being produced and publicly released on time.

Our discussions with the department found that multiple factors impaired the process effectiveness including the committee's lack of focus on strategic matters such as annual reporting, and staff transition associated with the establishment of the dedicated program branch.

<sup>6</sup> *Report of the Auditor General of Alberta—November 2018, Systems to Manage and Report on the Oil Sands Monitoring Program Follow-up*, page 7.

<sup>7</sup> The program co-chairs are the assistant deputy ministers of the Department of Environment and Protected Areas and Environment and Climate Change Canada.

<sup>8</sup> The Oversight Committee members include representatives of Indigenous communities, industry, and Alberta and federal governments. The committee is supported by the Science and Indigenous Knowledge Integration Committee, Technical Advisory Committee, and Indigenous Community Based Monitoring Advisory Committee.

<sup>9</sup> The committee is responsible to ensure that the program meets the intent of the 2017 Memorandum of Understanding by recommending strategic plans, monitoring priorities and work plans, communicating and reporting to the program co-chairs, and conducting on-going evaluation of program performance. [Memorandum of Understanding respecting environmental monitoring of oil sands development - Open Government \(alberta.ca\)](#)

## No annual reports released for over three years

The department has established a target to release the program's annual report within six months of the fiscal year end. The status of the annual reports since our last followup is shown below:

| Report      | Report Prepared | Publicly Released |
|-------------|-----------------|-------------------|
| Fiscal 2019 | YES             | YES               |
| Fiscal 2020 | YES             | NO                |
| Fiscal 2021 | NO              | NO                |
| Fiscal 2022 | NO              | NO                |

The 2019 report was the last one to be published, and it was released within the six-month target. While a draft of the 2020 report was prepared, it has not been published and is now over two years past its target release date.

We examined the 2019 report and the 2020 draft report to assess whether the department resolved the content-related issues we found in our last followup.

## Improvements in the 2019 report but 2019 and draft 2020 reports still lack key information and contain inaccuracies

### Improvements in annual reporting

Both the 2019 and draft 2020 reports include comprehensive information on individual project status, deliverables, rationale for incomplete deliverables and explanations for expenditure variances. The reports provide information on the internal and external factors impacting program delivery and are now more understandable and easily accessible online.

While these improvements are commendable, we found some key deficiencies that indicate the processes to support annual reporting are not operating properly. These deficiencies are similar to those we have identified in our previous audits and are described in the sections below.

### Lack of information on how activities contributed to meeting the program's desired outcomes and objectives

The 2019 report explains how the program's activities contributed to meeting each of the program's core outcomes and objectives. For example, to determine whether environmental changes are due to oil sands development activities, the program carried out long-term and focused monitoring of environmental responses relative to regional baselines and oil sands operations.

The 2019 report provides a summary of scientific findings, including environmental changes identified by the monitoring undertaken up to and including fiscal 2019. The report also states that an internal review of scientific publications and reports has been initiated to determine any management or regulatory implications of the reported findings.<sup>10</sup>

However, the 2019 report does not fully explain the results of the program activities. In other words, the report doesn't say whether changes observed up until 2019 have been assessed (and if not, why not), are attributable to oil sands development, and if any potentially significant implications to the environment have been identified.<sup>11</sup>

For the 2020 draft report, none of the information described above is included. Management has indicated that these information gaps are being resolved.

<sup>10</sup> One of the program objectives and the goal of the environmental monitoring is informing potential management and regulatory action.

<sup>11</sup> It is recognized that identifying environmental change and subsequent attribution of cause is complex and requires long-term datasets, including robust testing of interpretations via peer review in the scientific literature before inclusion in an annual report format.

## Information on the program funding is incomplete

Both reports lack information about the accumulated surplus and the potential impact on the achievement of the program objectives from the actual spending being consistently below planned. As well, neither report says if and how the department plans to allocate the surplus to future projects or adjust future amounts collected from industry.

Industry operators have paid over \$300 million to fund the program since its inception in 2012 to 2020. The accumulated surplus was \$23 million in 2019 and increased to \$25 million in 2020.

## Inaccurate information reported

Both reports include inaccurate project information. For example, expenditures reported in the 2019 report were incorrect for 12 projects. Also, the department was unable to provide support for the reported 2019 expenditures incurred by its staff and third-party contractors. The missing support was, in part, due to the transition to a new information system that was beyond management's control.

Management stated that new operating procedures are being developed and are expected to correct the process deficiencies they believe contributed to the errors.

## Recommendation:

### **Improve annual reporting processes**

### **REPEATED**

We again recommend that the Department of Environment and Protected Areas, working with Environment and Climate Change Canada, improve processes to ensure the annual report on the Oil Sands Monitoring Program is complete, accurate, and timely.

## Consequences of not taking action

Without complete, timely, and accurate public reporting on the Oil Sands Monitoring Program activities and results, stakeholders may not have access to sufficient information to assess whether the government is meeting its commitment to ensure environmentally responsible development of the oil sands.